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WHAT SHOULD FARMERS AIM TO ACCOMPLISH THROUGH ORGANIZATION?

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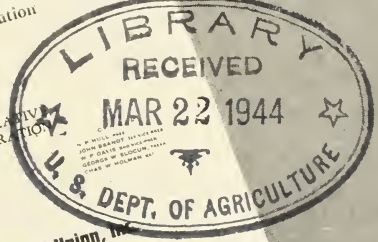
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This pamphlet is the sixth of the materials prepared for the assistance of rural discussion groups in 1936-37 through the cooperation of the Extension Service and the Agricultural Adjustment Administration of the U. S. Department of Agriculture. It is not intended to direct attention to any particular point of view or conclusion, and no statement contained herein should be construed as an official expression of the Department of Agriculture. The materials listed below attempt to present, in readable, non-technical language, discussions of issues related to rural life. Their contents are not offered as either complete or orderly presentations, but as collections of current facts and attitudes which may be of use to rural people who are thinking about these questions for themselves.

Materials have been prepared for the 1936-37 season on the following topics:

- DS-1. What Should Be the Farmers' Share in the National Income?**
- DS-2. How Do Farm People Live in Comparison with City People?**
- DS-3. Should Farm Ownership Be a Goal of Agricultural Policy?**
- DS-4. Exports and Imports—How Do They Affect the Farmer?**
- DS-5. Is Increased Efficiency in Farming Always a Good Thing?**
- DS-6. What Should Farmers Aim to Accomplish Through Organization?**
- DS-7. What Kind of Agricultural Policy Is Necessary to Save Our Soil?**
- DS-8. What Part Should Farmers in Your County Take in Making National Agricultural Policy?**

Two pamphlets on technique, intended primarily for the assistance of leaders of rural discussion groups and forums, are also available:

- D-1. A Brief Guide to Methods. (revised 1936.)**
- D-2. How to Organize and Conduct County Forums (revised 1936).**

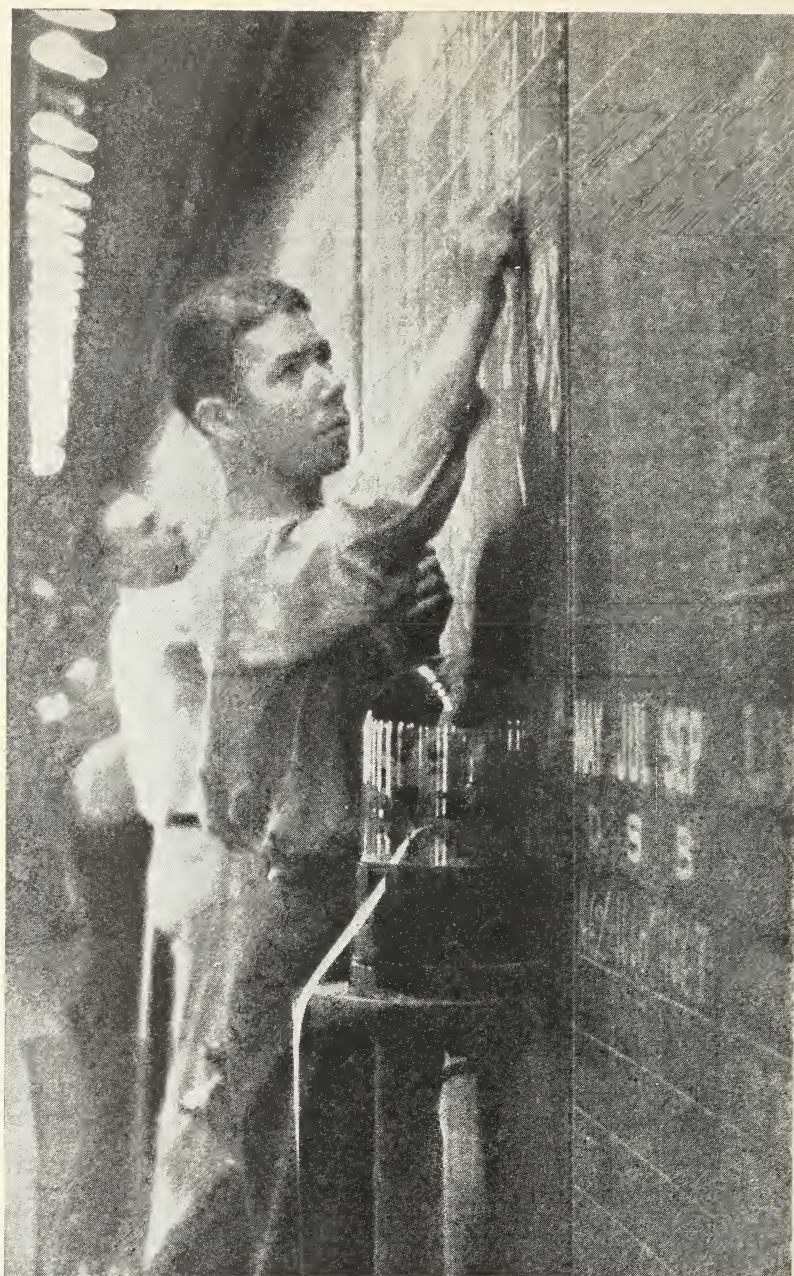
United States Department of Agriculture

The Extension Service and the
Agricultural Adjustment Administration cooperating
(Photographs by Works Progress Administration, American Red Cross,
Rural Electrification Administration)
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WHAT SHOULD FARMERS AIM TO ACCOMPLISH THROUGH ORGANIZATION ?

The statements listed below set out some answers frequently given to the question: What are the most important purposes that farmers' organizations can fulfill? Do you agree with one or more of these answers? Can you think of other goals towards which farmers' organizations should move? Do you think that any of the goals listed are objectionable? Why?

1. To give farmers the same powers that business men in cities get by organizing corporations or associations.
2. To do for farm laborers what trade unions do for city workers.
3. To reduce the costs of marketing commodities farmers sell and cut out middlemen's profits.
4. To help farmers save money by purchasing cooperatively the commodities they buy.
5. To enable farmers to share the risk of loss through crop failure, fire, accident, or other hazards.
6. To provide capital for cooperatively owned elevators, power plants, and the like.
7. To arrange for improved medical and hospital service in rural areas.
8. To fill the need of farmers for credit at low interest rates.
9. To represent farmers in the development of national policies affecting agriculture.
10. To enrich the life of farm communities through forums, discussion groups, plays, picnics, and general good times.



Should Farm Groups Try to Affect Prices?

WHAT SHOULD FARMERS AIM TO ACCOMPLISH THROUGH ORGANIZATION ?

"Farmers ought to organize to sell their products," the manager of a selling co-op starts the discussion briskly. "Why should the people who raise our farm products pay toll every year to a group of distributors for doing what the farmers, if they organize, can perfectly well do for themselves?"

"There's certainly no reason for paying fancy charges for getting our goods to the consumer," a farmer of the locality agrees, "and I'm the first to recognize what a good job your co-op has done through the depression. But how much can farmers expect to gain through cooperative distribution?"

CO-OPS REDUCE SELLING COSTS

"Part of the commission paid the middleman is his profit, and a co-op can save its members the middleman's profit. But another part isn't profit. The middleman has a job to do, all right. Now if he isn't doing his job efficiently, if a co-op can come along and do it better than he, then farmers who join the co-op will have a further clear saving as compared with farmers who deal through the distributor. There's always a possibility that the co-op may come at its problem fresher than a firm that's been in business a long time. For some products, it may be able to work out a farm-to-market system of distribution by truck, or some other NEW MEANS OF SAVING HANDLING CHARGES. Now those are real savings. But it looks to me as though that's about as far as a selling co-op can hope to go."

"Is it now," says the champion of the cause of cooperative selling. "One of the best things that selling co-ops do is to regulate the flow of members' products to market,

so that supply is distributed more evenly over the whole year and the market isn't glutted and farm prices depressed when the crops move from the fields. You know as well as I do that co-ops make a lot of money that way for their members."

OUTSIDERS BREAK MARKETS

"Also for their non-members," rejoins the previous speaker. "The outsider is the man who gets the real benefit when co-ops try to steady the market. The co-ops have all the work of holding the goods while he sells just when he wants to, at prices held up by the co-ops' efforts."

"Providing the prices do hold up," another voice is added to the discussion. "If we look at the history of co-ops in this country, and look at what outsiders have done to them, it's a pretty discouraging story. Unless a co-op happens to be dealing with a very special product, or a clearly limited area of distribution, I don't see what's to KEEP THE OUTSIDER FROM BREAKING THE MARKET every time. There are, of course, a few co-ops that are situated so they can play the same kind of withholding game that any big distributor plays. But they're mighty few and far between."

"What you're really saying," chimes in a man who has been nodding approval, "is that unless a co-op controls the volume of products coming onto the market, it can't accomplish much. Especially over a period of years. Every price that a co-op holds firm is just an invitation to outsiders to step up their production and take advantage of it."

CORPORATE ORGANIZATION

"There's where farmers are at a big disadvantage compared with business men in the cities. The big corporations can keep outsiders from breaking their markets because production of manufactured goods is centered in a few places which they control instead of being spread all over the country the way farm production is."

"I say that what farmers ought to try to get through organization is THE SAME KIND OF POWER THAT CITY BUSINESS MEN GET THROUGH TRADE ASSOCIATIONS or corporate holdings."

GOVERNMENT FARM PROGRAMS

"That's why I say that when farmers want to accomplish anything very important from the selling end, they have to call on the forces of government," interjects a farmer who has been active in AAA work. "Government farm programs, with benefit payments attached, can give farmers the equivalent of corporate organization, and they're the only things that can. A farmer who knows he's going to get a cash return for coming in on a program isn't tempted to be an outsider as the man is who knows he can make money while the co-op holds an umbrella over him."

"Will even Government programs hold people in line in the long run?" inquires the first farmer to speak. "Leastways as long as participation in them is voluntary? Not all of the programs of the past few years have been without trouble from outsiders. And what about the long-run effect of these programs? If people build up their land to a point where they can cash in on stored-up fertility at mighty low cost, won't they be tempted, some years from now, to produce at a rate that will put prices through the wringer?"

EVEN EXCHANGE

"I grant you that we've got to watch mighty carefully how farm programs work," replies the advocate of such measures, "but unless farmers can get together I don't see how they can bargain with other groups in the Nation. UNLESS FARMERS CAN GET MORE BARGAINING POWER than they have when acting alone or in little associations that compete with each other, the goods they produce are not going to sell at prices that will make it possible for them to buy their rightful share of the goods produced by other groups in the Nation."

CHURCHES AND SCHOOLS

"And unless they get that share," a woman member of the group speaks up, "how can farm communities supply themselves with the things which they must get if people are to want to go on living in the country? How can farmers who aren't making a decent living support their churches properly? HOW CAN RURAL COMMUNITIES FIND ENOUGH TAXES to keep up their roads and have the kind of schools they want their children to go to?"

COMMUNITY SPIRIT

"I think there are lots of things organization can do for farmers besides work on the problem of farm income. I belong to our church guild, and the parent-teachers, and when the schools were consolidated and we had all those empty school houses standing around I was keen on signing up members in the community association so we could use the school houses for get-togethers. I think lots can be done to build up community spirit that way. But in the end you have to come back to the question, WHAT ARE YOU GOING TO DO THESE THINGS ON? How are farm folks to get a fair share of the national income?"

PRESSURE GROUPS

"Well, I can tell you one thing right now," a man across the circle from her breaks in decisively, "farm folks are going to get a fair share in the national income only in proportion as farm organizations step out and make farm interests known to the rest of the Nation. If the other groups in the Nation know that the FARMERS KNOW WHAT THEY WANT AND ARE OUT TO GET IT, believe me, things will be different from what they have been."

"That would mean farmers going into politics as farmers," objects a new voice. "I myself wouldn't like to see that. If farmers go into politics as farmers and business men go in as business men and workers go in as workers, think what a mess we'll have. To my mind, economics

and politics don't mix. Politics concerns citizens, whether they're farmers or merchants or anything else. I don't want to see the butcher, the baker, and the candlestick maker all getting off by themselves when it comes to voting."

"Well that's where they are right now, all except the farmer," rebuts the previous speaker. "I don't look at it the same way you do. I want to see farmers organize to put themselves on an equal footing with business men in the cities. The business men are organized, believe me."

"WHAT ABOUT FARM LABORERS ORGANIZING to better their conditions the way city workers organize in trade unions?" inquires a farmer's son who has a job in a nearby city.

CO-OPS REDUCE BUYING COSTS

"Why not go at this thing from another angle," an advocate of consumers' cooperation makes himself heard. "We all agree that one of the farmer's biggest burdens in recent years has been the difference between the level of the prices of the things he sells and that of the prices of the things he has to buy. Let's leave the question of what he can do about prices of the things he sells for a minute, and look at what can be done about prices of the things he buys. Isn't cooperative purchasing the way out of that difficulty?"

"You're quite right," a housewife speaks up. "When you think of all the cash that every farmer's wife in this community pays out every year just for handling the yard goods and the hardware and the food that she buys, it's easy enough to see where quite a saving could be made. And when you add all the fertilizer and spray materials and binder twine and feed that the men buy to use on our farms, you begin to run into real money."

"Well, I'd like to ask you the same question that I asked our friend here from the selling co-op," repeats the man who was second to join the evening's discussion. "I'm not running down any savings that a purchasing co-op can

succeed in making. But oughtn't we to keep in mind that the savings such a co-op can make are no greater than the difference between its efficiency and the efficiency of ordinary distributors? That may be something well worth while, but I wonder if it would be enough to make much of a change in the price disadvantage of farm goods in relation to city goods. After all, the prices of the city goods that distributors offer to farm buyers aren't set by the distributors who handle them but by the manufacturers who make them."

"Why should cooperation stop with the retail stores where we buy our goods?" questions another housewife. "If we can save a little through a well-managed cooperative retail organization, why can't we save a little more through a cooperative wholesale organization to serve the retail co-ops? Every farmer's wife knows how far a few pennies saved can be made to go, and if we could save ourselves both retailers' and wholesalers' commissions I think we'd have done something to be proud of."

CITY CONSUMERS' CO-OPS

"What will happen, though," a third housewife brings up a different point, "if city consumers start cooperative buying at the same time that farmers start cooperative selling? Won't there be A DIRECT CONFLICT OF INTEREST BETWEEN THE TWO GROUPS?"

"That depends on what we think co-ops are for," replies the previous speaker. "If co-ops are to cut out unnecessary handling and give consumers, whether on farms or in cities, the benefit of large-scale distribution, I see no reason why cooperative organization all along the line isn't a good thing rather than a bad one. In fact, if we got that, everyone could have the guarantees of quality which to my mind are one of the biggest advantages co-ops can offer. It's only when one group wants to beat down the producers' prices received by the other that there's likely to be trouble."

"The prices that cooperative groups ought to work on are not each others' prices but monopoly prices," says the head of a local farm organization. "If a cooperative wholesale society was built up like other wholesalers, it would probably have some factories of its own. And it could count on the cooperative retail stores for outlets for the goods from those factories. Now I don't see why a firm that was fixed like that couldn't distribute industrial goods to farmers at a rate to GIVE OTHER MANUFACTURERS A REAL RUN FOR THEIR MONEY."

"That's the way the cooperative movements have done it in foreign countries, all right," interjects a writer for a farm journal. "In England and Denmark the cooperative wholesale societies operate factories making shoes, furniture, tobacco goods, candy, china, margarine, soap, motors, chemicals, wine, and all sorts of other things."

"And I'll bet the manufacturers of those products made it mighty hot for the co-ops when they came into the market," comments a member of the group.

"You said it," the newspaperman replies, "but if you want a real story of co-ops as trust-busters you want to get a line on what happened in Sweden."

"Well, Sweden isn't the only place where new ventures in cooperation are going on," says a farmer's daughter who is a public health nurse in a nearby county.

GROUP HEALTH PLANS

"People in the county where I work are buying health on a group basis. We have a County Health Association, which anyone in the county may join. The membership fee is \$18, payable in monthly or quarterly instalments. That payment entitles the member and his family to the medical care usually given by a general practitioner, an annual physical examination, preventive service for common diseases like diphtheria, scarlet fever or typhoid, and medicine up to \$10 worth. Just about everything except operations and baby cases is included in the

membership fee, and members can take their choice among any of the doctors agreeing to furnish medical service to the Association. We have about 200 members, and that means nearly a thousand persons who know that they won't have to pay unexpected bills for ordinary illness and who KNOW THAT THEY WILL GET CARED FOR IF SICKNESS COMES."

Do you Favor Group Payments for Health Services?



"Plans similar to that are in operation in quite a few places in this country for supplying medical service to people on relief," supplements the county welfare worker, "with the county doing the financing. And I understand that in a good many rural areas in the wheat sections of Canada, the farmers have included medical care among the services with which they supply themselves through local taxation."

FARM CREDIT UNIONS

"The risk of sickness isn't the only risk against which farmers insure themselves, and medical care isn't the only service with which they are supplying themselves on a group basis," the chairman of a local credit union con-

tinues the list. "Crop insurance has come in mighty handy in lots of places these last seasons, and fire and accident risks are always with us. But the story of cooperation that interests me most is THE STORY OF COOPERATIVE CREDIT."

RURAL POWER ASSOCIATIONS

"One of the things I'd like to see cooperative capital used for in this neighborhood," a farmer from a back road speaks up, "is a cooperative power association. I figure that farmers are going to get electricity on their farms a lot faster if they go after it themselves, and go in groups, not one by one. Some groups of farmers are doing it, and I'd like to see us be one."

"Well, I'm not saying that projects like that aren't fine," the manager of the selling co-op who opened the meeting is heard again, "but if farmers are going in for a cooperative movement in this county, I'd like to see them BEGIN WITH GOODS RATHER THAN SERVICES.

"If you look at foreign nations like Denmark where the cooperative movement began with the farmers rather than with the city workers, you'll see that the marketing co-ops are the big ones."

"Hold on a bit!" the representative of the purchasing co-op has no intention of letting him get away with that statement. "In this country cooperative purchasing by farmers accounts for about three quarters of all the consumers' cooperative buying in the country. Our business for 1935 ran above a quarter of a billion dollars."

"Right you are," is the good-natured rejoinder, "but after all our dairy marketing co-ops beat that figure and our grain marketing associations hit just about the same mark last year."

"Do you know what I think of this discussion," blurts out a man who has sat through the evening in disgruntled silence. "I think you've been TALKING LIKE A BUNCH OF FOOLS. How is a busy farmer going to have time to know what is really going on in the co-op of which he is a member? And if he doesn't keep up with what is



How Can Rural Electrification Be Speeded Up?

going on, isn't the manager going to play him for a sucker and feather his own nest at the same time? Then when the farmers come to, they'll find that the only difference between their co-op and any other distributor is that the co-op makes a pretense of wearing overalls.

"And even if farmers could find honest and efficient managers—and to my mind that's a big IF—how long do you think the private retailers and the big private wholesalers of the country would let a cooperative movement last if the movement really had teeth in it? I tell you those boys are organized for business, and if they see some competition coming their way—well, they're organized to handle that, too."

Do you think there is something to be said for the last speaker's point of view? How much?

What is being done along lines discussed above by farm organizations of which you are a member?

Would you like to see an EXPANSION OF THE COOPERATIVE MOVEMENT in this country? If so, what would you propose as a first step?

MORE ABOUT FARMERS' ORGANIZATIONS

(Quantity prices may be secured on many of these publications)

- WHY HAVE FARMERS ORGANIZED? C. D. 254.2. Iowa State College Extension Service, Ames, Iowa. 1935. Free.
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- WHAT IS CONSUMERS' COOPERATION? J. P. Warbasse. Central States Cooperative League, Bloomington, Ill. 1934. \$0.05.
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- COOPERATIVE FARM MORTGAGE CREDIT, 1916-1936. W. J. Myers. Farm Credit Administration, Washington, D. C. 1936. Free.
- THE LAYMAN'S VIEW ABOUT THE COSTS OF MEDICAL CARE. Reprints from magazines. The Julius Rosenwald Fund, 4901 Ellis Avenue, Chicago, Illinois. 1935. Free.
- NEW PLANS OF MEDICAL SERVICE: EXAMPLES OF ORGANIZED LOCAL PLANS OF PROVIDING OR PAYING FOR MEDICAL SERVICES IN THE U. S. The Julius Rosenwald Fund, Chicago, Ill. 1936. Free.
- WHO SHOULD PAY THE DOCTOR BILLS? H. L. Ewbank and N. P. Anderson, Stencil Circular No. 174. Extension Service, College of Agriculture, Madison, Wis. 1936. \$0.05
- GROUP BUDGETING FOR HOSPITAL CARE. C. R. Rorem. American Hospital Association, 18 E. Division St., Chicago, Ill. 1935. \$0.10.
- COOPERATION HERE AND ABROAD. H. J. Hughes. Northern States Cooperative League, Minneapolis, Minn. 1936. \$0.10.
- COOPERATION IN AGRICULTURE. (Bibliography). C. Gardner. Bulletin No. 4. Farm Credit Administration, Washington, D. C. 1936. Free.